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WEATHER HISTORY 108

YEAR	MA	DATA TYPE	P1	P2	P3	P4	P5	P6
1994	MSA 100	TEMP. SEA	46	47	50	51	54	55
1995	MSA 100	TEMP. SEA	46	47	49	51	53	55
1994	MSA 100	SNOW. SEA	0.7	0.2	0.2	0.1	0	0.1
1995	MSA 100	SNOW. SEA	0.8	0.2	0.2	0.1	0	0
1994	MSA 100	PREC. SEA	1.01	1.03	1.08	1.1	1.12	1.1
1995	MSA 100	PREC. SEA	1.01	1.03	1.07	1.1	1.12	1.1
1994	MSA 100	SNOW	0	0	0	0	1.2	0
1995	MSA 100	SNOW	0	0	0	0	0	0
1994	MSA 100	PREC	1.5	0.4	0.9	1.3	1.7	0.3
1995	MSA 100	PREC	1.1	0.01	2.68	1.78	0.48	0.01
1994	MSA 100	TEMP	49	43	45	47	50	42
1995	MSA 100	TEMP	53	51	56	50	58	54
1994	MSA 100	TEMP. CAT	1	-1	-1	-1	-1	-1
1995	MSA 100	TEMP. CAT	1	1	1	0	1	-1
1994	MSA 100	PREC. CAT	1	-1	-1	1	1	-1
1995	MSA 100	PREC. CAT	1	-1	1	1	-1	-1

202  
203  
204  
205

FIG.2

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YEAR	MA	DATA TYPE	P1	P2	P3	P4	P5	P6
N+1	MSA 100	SNOW	0.9	0.4	0.3	0.2	0	0
N+1	MSA 100	PREC	1.1	1.05	1.05	1.00	1.15	1.2
N+1	MSA 100	TEMP	48	49	50	53	55	57
N+1	MSA 100	TEMP. CAT	1	1	1	1	1	-1
N+1	MSA 100	PREC. CAT	1	1	-1	-1	1	1
N+1	MSA 100	SNOW. CAT	1	0	0	1	0	0
N+1	MSA 100	SNOW. SEA	0.8	0.4	0.3	0.1	0	0
N+1	MSA 100	PREC. SEA	1.00	1.03	1.06	1.05	1.10	1.1
N+1	MSA 100	TEMP. SEA	47	47	49	52	54	55

WEATHER FORECAST DATA 106

FIG.3

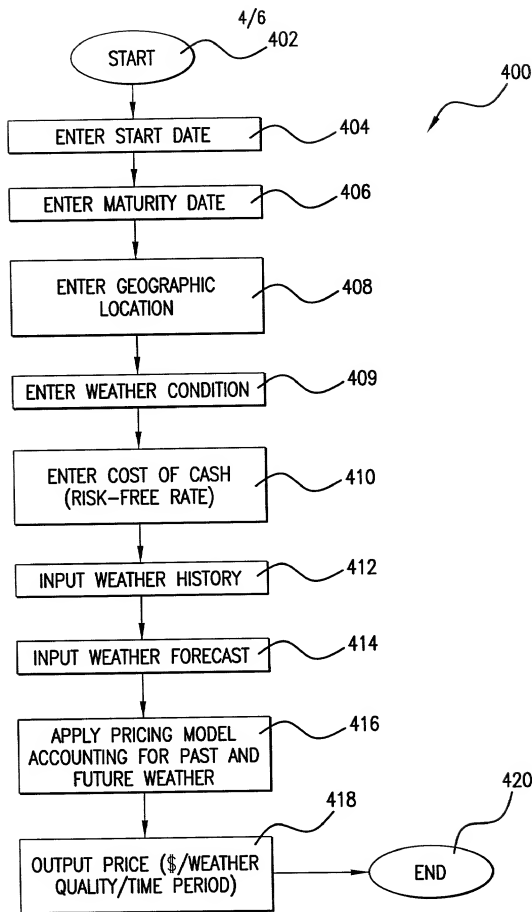


FIG.4

# OPTIONS PRICING MODEL

Call Option Price

\$

4,486

510

D2=D1-SIGMA\*SQUARE ROOT OF T  
(49.43)

$\frac{-R^*T}{E^{RT}}$   
(0.03)  
0.97

CALCULATIONS 508

TIME TO MATURITY	MONTHS	DAYS
1	(1)	29

506

ENTER START DATE	11/1/98
ENTER MATURITY DATE	11/30/98

SELECT FORECASTING METRO AREA

LOS ANGELES(LONG BEACH)	Δ
NEW YORK(LA GUARDIA)	
CHICAGO	
PHILADELPHIA	
DETROIT	
WASHINGTON	
BOSTON(LAWRENCE-SALEM)	▽

502

ENTER SEASONAL HDD	456 (S)	STOCK
ENTER FORECAST HDD	366 (K)	STRIKE

ENTER INTEREST RATE	3%	(R)
ENTER HDD STANDARD DEVIATION	83.00	SIGMA
CUMULATIVE STANDARD NORMAL DISTRIBUTION	14%	(N)

D1= (#2 + #5)  
BELOW, CALCULATION OF D1

#1	S/K	1.245901639
#2	Ln(s/k)	0.219859476
#3	r	3%
#4	SIGMA <sup>2</sup> /2	3444.5
#5	(r + SIGMA <sup>2</sup> /2) <sup>T</sup>	2.625.58
#6	TOP HALF OF EQUATION	2.625.80 TOP
#7	STANDARD DEVIATION* sqr ROOT T	81.60494266 BOTTOM
#8	CALCULATION OF D1	32.18

504

NORMAL DISTRIBUTION-NEED TO IDENTIFY MEAN AND STANDARD DEVIATION  
STANDARD DEVIATION 83.00  
MEAN 456  
X 366  
NORMAL DISTRIBUTION 0.139107661

FIG.5

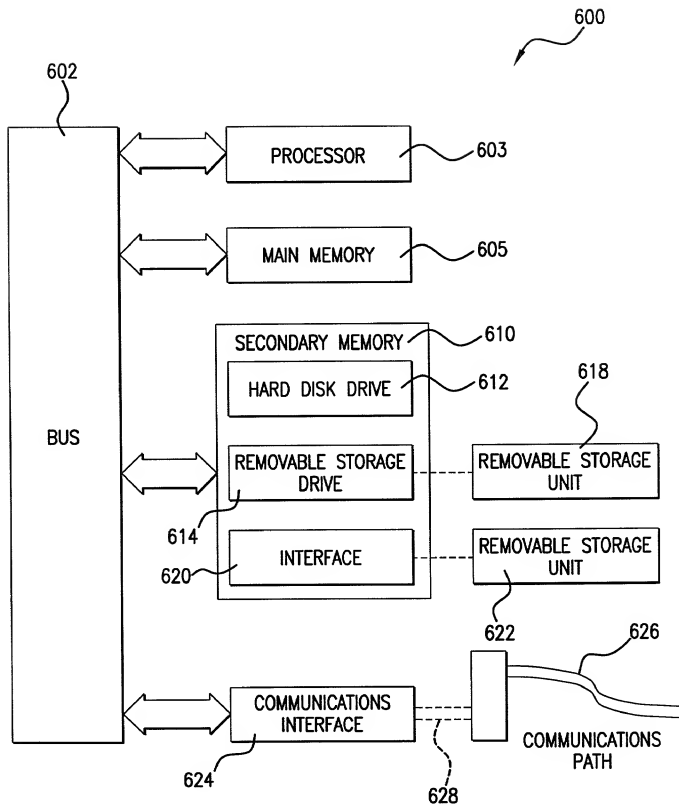


FIG.6